

STATE BOARD OF ACCOUNTS
302 West Washington Street
Room E418
INDIANAPOLIS, INDIANA 46204-2769

FINANCIAL STATEMENTS AUDIT REPORT

OF

LIBERTY TOWNSHIP

WHITE COUNTY, INDIANA

January 1, 2014 to December 31, 2017



FILED
01/26/2019

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SCHEDULE OF OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Trustee	Walter E. Hough Wynemac Woodcock	01-01-14 to 12-31-14 01-01-15 to 12-31-18
Chairman of the Township Board	Steven Carter	01-01-14 to 12-31-18



INDEPENDENT AUDITOR'S REPORT

TO: THE OFFICIALS OF LIBERTY TOWNSHIP, WHITE COUNTY, INDIANA

Report on the Financial Statements

We have audited the accompanying financial statements of Liberty Township (Township), which comprise the financial position and results of operations for the period of January 1, 2014 to December 31, 2017, and the related notes to the financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6). Management is responsible for and has determined that the regulatory basis of accounting, as established by the Indiana State Board of Accounts, is an acceptable basis of presentation. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Township's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT
(Continued)

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As discussed in Note 1 to the financial statements, the Township prepares its financial statements on the prescribed basis of accounting that demonstrates compliance with the reporting requirements established by the Indiana State Board of Accounts as allowed by state statute (IC 5-11-1-6), which is a basis of accounting other than accounting principles generally accepted in the United States of America.

The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position and results of operations of the Township for the period of January 1, 2014 to December 31, 2017.


Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position and results of operations of the Township for the period of January 1, 2014 to December 31, 2017, in accordance with the financial reporting provisions of the Indiana State Board of Accounts described in Note 1.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the Township's financial statements. The Combining Schedules of Receipts, Disbursements, and Cash and Investment Balances - Regulatory Basis, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the financial statements. They have not been subjected to the auditing procedures applied by us in the audit of the financial statements and, accordingly, we express no opinion on them.


Paul D. Joyce, CPA
State Examiner

December 14, 2018

FINANCIAL STATEMENTS AND ACCOMPANYING NOTES

The financial statements and accompanying notes were approved by management of the Township. The financial statements and notes are presented as intended by the Township.

LIBERTY TOWNSHIP, WHITE COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
CASH AND INVESTMENT BALANCES - REGULATORY BASIS
For the Years Ended December 31, 2014 and 2015

Fund	Cash and Investments 01-01-14	Receipts	Disbursements	Cash and Investments 12-31-14	Receipts	Disbursements	Cash and Investments 12-31-15
Township	\$ 15,528	\$ 79,414	\$ 84,220	\$ 10,722	\$ 157,578	\$ 79,812	\$ 88,488
Park And Recreation	924	220,798	209,300	12,422	133,921	75,820	70,523
Township Assistance	4,549	60,004	60,108	4,445	6,839	6,526	4,758
Fire Fighting	2,889	113,152	106,753	9,288	232,110	96,244	145,154
Cumulative Fire	2,864	-	-	2,864	510,388	513,252	-
Landfill Fund	964,367	531,594	691,854	804,107	49,973	454,127	399,953
Payroll Deductions	-	-	-	-	7,349	5,815	1,534
Mosquito Fund	4,240	60,000	56,753	7,487	23,935	33,624	(2,202)
Totals	<u>\$ 995,361</u>	<u>\$ 1,064,962</u>	<u>\$ 1,208,987</u>	<u>\$ 851,336</u>	<u>\$ 1,122,093</u>	<u>\$ 1,265,220</u>	<u>\$ 708,209</u>

The notes to the financial statements are an integral part of this statement.

LIBERTY TOWNSHIP, WHITE COUNTY
 STATEMENT OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Years Ended December 31, 2016 and 2017

Fund	Cash and Investments 01-01-16	Receipts	Disbursements	Cash and Investments 12-31-16	Receipts	Disbursements	Cash and Investments 12-31-17
Township Fund	\$ 88,488	\$ 114,239	\$ 97,262	\$ 105,465	\$ 14,065	\$ 110,206	\$ 9,324
Park and Recreation	70,523	117,816	188,329	10	80,183	80,193	-
Township Assistance	4,758	4,457	3,403	5,812	-	4,843	969
Fire Fighting	145,154	15,165	99,386	60,933	31,634	92,163	404
Rainy Day Fund	-	7,784	-	7,784	-	-	7,784
Landfill Fund	399,954	325,908	25	725,837	621,649	81,182	1,266,304
Payroll Deductions	1,534	7,619	7,188	1,965	9,926	11,817	74
Mosquito Fund	(2,202)	39,949	25,442	12,305	15,500	27,549	256
Totals	<u>\$ 708,209</u>	<u>\$ 632,937</u>	<u>\$ 421,035</u>	<u>\$ 920,111</u>	<u>\$ 772,957</u>	<u>\$ 407,953</u>	<u>\$ 1,285,115</u>

The notes to the financial statements are an integral part of this statement.

LIBERTY TOWNSHIP, WHITE COUNTY
NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The Township was established under the laws of the State of Indiana. The Township operates under a township trustee/township board form of government and provides some or all of the following services: public safety (fire), health and social services (township assistance), culture and recreation (parks and/or community centers), and general administrative services (weed and dog control).

The accompanying financial statements present the financial information for the Township.

B. Basis of Accounting

The financial statements are reported on a regulatory basis of accounting prescribed by the Indiana State Board of Accounts in accordance with state statute (IC 5-11-1-6), which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The basis of accounting involves the reporting of only cash and investments and the changes therein resulting from cash inflows (receipts) and cash outflows (disbursements) reported in the period in which they occurred.

The regulatory basis of accounting differs from accounting principles generally accepted in the United States of America, in that receipts are recognized when received in cash, rather than when earned, and disbursements are recognized when paid, rather than when a liability is incurred.

C. Cash and Investments

Investments are stated at cost. Any changes in fair value of the investments are reported as receipts in the year of the sale of the investment.

D. Receipts

Receipts are presented in the aggregate on the face of the financial statements. The aggregate receipts include the following sources:

Intergovernmental receipts. Amounts received from other governments in the form of operating grants, entitlements, or payments in lieu of taxes. Examples of intergovernmental receipts include, but are not limited to, the following: federal grants, state grants, cigarette tax distributions received from the state, motor vehicle highway distributions received from the state, local road and street distributions received from the state, financial institution tax received from the state, auto excise surtax received from the state, commercial vehicle excise tax received from the state, major moves distributions received from the state, and riverboat receipts received from the county.

Charges for services. Amounts received for services including, but not limited to, the following: planning commission charges, building department charges, copies of public records, copy machines charges, accident report copies, gun permit applications, 911 telephone services, recycling fees, dog pound fees, emergency medical service fees, park rental fees, swimming pool receipts, cable TV receipts, ordinance violations, fines and fees, bond forfeitures, court costs, and court receipts.

LIBERTY TOWNSHIP, WHITE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

Fines and forfeits. Amounts received from fines and penalties imposed for the commission of statutory offenses, violation of lawful administrative rules and regulations (fines), and for the neglect of official duty and monies derived from confiscating deposits held as performance guarantees (forfeitures).

Other receipts. Amounts received from various sources, including, but not limited to, the following: net proceeds from borrowings; interfund loan activity; transfers authorized by statute, ordinance, resolution, or court order; internal service receipts; and fiduciary receipts.

E. Disbursements

Disbursements are presented in the aggregate on the face of the financial statements. The aggregate disbursements include the following uses:

Personal services. Amounts disbursed for salaries, wages, and related employee benefits provided for all persons employed. In those units where sick leave, vacation leave, overtime compensation, and other such benefits are appropriated separately, such payments would also be included.

Supplies. Amounts disbursed for articles and commodities that are entirely consumed and materially altered when used and/or show rapid depreciation after use for a short period of time. Examples of supplies include, but are not limited to, the following: office supplies, operating supplies, and repair and maintenance supplies.

Other services and charges. Amounts disbursed for services including, but not limited to, the following: professional services, communication and transportation, printing and advertising, insurance, utility services, repairs and maintenance, and rental charges.

Capital outlay. Amounts disbursed for land, infrastructure, buildings, improvements, and machinery and equipment having an appreciable and calculable period of usefulness.

Other disbursements. Amounts disbursed for various other purposes including, but not limited to, the following: interfund loan payments; loans made to other funds; internal service disbursements; and transfers out that are authorized by statute, ordinance, resolution, or court order.

F. Interfund Transfers

The Township may, from time to time, make transfers from one fund to another. These transfers, if any, are included as a part of the receipts and disbursements of the affected funds and as a part of total receipts and disbursements. The transfers are used for cash flow purposes as provided by various statutory provisions.

G. Fund Accounting

Separate funds are established, maintained, and reported by the Township. Each fund is used to account for amounts received from and used for specific sources and uses as determined by various regulations. Restrictions on some funds are set by statute while other

LIBERTY TOWNSHIP, WHITE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

funds are internally restricted by the Township. The amounts accounted for in a specific fund may only be available for use for certain, legally-restricted purposes. Additionally, some funds are used to account for assets held by the Township in a trustee capacity as an agent of individuals, private organizations, other funds, or other governmental units and, therefore, the funds cannot be used for any expenditures of the unit itself.

Note 2. Budgets

The operating budget is initially prepared and approved at the local level. The fiscal officer of the Township submits a proposed operating budget to the governing board for the following calendar year. The budget is advertised as required by law. Prior to adopting the budget, the governing board conducts public hearings and obtains taxpayer comments. Prior to November 1, the governing board approves the budget for the next year. The budget for funds for which property taxes are levied or highway use taxes are received is subject to final approval by the Indiana Department of Local Government Finance.

Note 3. Property Taxes

Property taxes levied are collected by the County Treasurer and are scheduled to be distributed to the Township in June and December; however, situations can arise which would delay the distributions. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's lien date (March 1 in a year ending before January 1, 2016 and January 1 in a year beginning after December 31, 2015) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100 percent of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which normally become delinquent if not paid by May 10 and November 10, respectively.

Note 4. Deposits and Investments

Deposits, made in accordance with state statute (IC 5-13), with financial institutions in the State of Indiana, at year end, should be entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statutes authorize the Township to invest in securities including, but not limited to, the following: federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

Note 5. Risk Management

The Township may be exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; job-related illnesses or injuries to employees; medical benefits to employees, retirees, and dependents; and natural disasters.

LIBERTY TOWNSHIP, WHITE COUNTY
NOTES TO FINANCIAL STATEMENTS
(Continued)

These risks can be mitigated through the purchase of insurance, establishment of a self-insurance fund, and/or participation in a risk pool. The purchase of insurance transfers the risk to an independent third-party. The establishment of a self-insurance fund allows the Township to set aside money for claim settlements. The self-insurance fund would be included in the financial statements. The purpose of participation in a risk pool is to provide a medium for the funding and administration of the risks.

Note 6. Cash Balance Deficit

The financial statements contain a fund with a deficit in cash. This is a result of a timing issue in receiving tipping fees in the Mosquito Fund. The issue was resolved in 2016.

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OTHER INFORMATION - UNAUDITED

The Township's Annual Financial Reports information can be found on the Indiana Gateway for Government Units website: <https://gateway.ifionline.org/>.

Differences may be noted between the financial information presented in the financial statements contained in this report and the financial information presented in the Township's Annual Financial Reports referenced above. These differences, if any, are due to adjustments made to the financial information during the course of the audit. This is a common occurrence in any financial statement audit. The financial information presented in this report is audited information, and the accuracy of such information can be determined by reading the opinion given in the Independent Auditor's Report.

The other information presented was approved by management of the Township. It is presented as intended by the Township.

LIBERTY TOWNSHIP, WHITE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2014

	Township	Park And Recreation	Township Assistance	Fire Fighting	Cumulative Fire	Landfill Fund	Payroll Deductions	Mosquito Fund	Totals
Cash and investments - beginning	\$ 15,528	\$ 924	\$ 4,549	\$ 2,889	\$ 2,864	\$ 964,367	\$ -	\$ 4,240	\$ 995,361
Receipts:									
Intergovernmental receipts	17,603	-	-	-	-	-	-	-	17,603
Charges for services	-	3,540	-	2,000	-	-	-	-	5,540
Fines and forfeits	-	-	-	-	-	-	-	-	-
Other receipts	61,811	217,258	60,004	111,152	-	531,594	-	60,000	1,041,819
Total receipts	79,414	220,798	60,004	113,152	-	531,594	-	60,000	1,064,962
Disbursements:									
Personal services	27,426	3,036	2,700	-	-	4,174	-	26,500	63,836
Supplies	2,220	1,001	-	36,845	-	3,649	-	9,302	53,017
Other services and charges	44,534	3,979	56,311	54,723	-	78,063	-	9,165	246,775
Capital outlay	1,727	201,284	-	15,185	-	13,965	-	-	232,161
Other disbursements	8,313	-	1,097	-	-	592,002	-	11,786	613,198
Total disbursements	84,220	209,300	60,108	106,753	-	691,854	-	56,753	1,208,987
Excess (deficiency) of receipts over disbursements	(4,806)	11,498	(104)	6,399	-	(160,260)	-	3,247	(144,025)
Cash and investments - ending	\$ 10,722	\$ 12,422	\$ 4,445	\$ 9,288	\$ 2,864	\$ 804,107	\$ -	\$ 7,487	\$ 851,336

LIBERTY TOWNSHIP, WHITE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2015

	Township	Park And Recreation	Township Assistance	Fire Fighting	Cumulative Fire	Landfill Fund	Payroll Deductions	Mosquito Fund	Totals
Cash and investments - beginning	\$ 10,722	\$ 12,422	\$ 4,445	\$ 9,288	\$ 2,864	\$ 804,107	\$ -	\$ 7,487	\$ 851,336
Receipts:									
Intergovernmental receipts	19,900	-	-	-	-	-	-	-	19,900
Charges for services	-	-	-	2,000	-	-	-	-	2,000
Fines and forfeits	135,807	133,921	6,839	219,403	-	49,973	-	23,935	569,878
Other receipts	1,871	-	-	10,707	510,388	-	7,349	-	530,315
Total receipts	157,578	133,921	6,839	232,110	510,388	49,973	7,349	23,935	1,122,093
Disbursements:									
Personal services	26,414	888	-	6,877	-	-	-	2,006	36,185
Supplies	6,310	64	-	38,099	-	-	-	15,220	59,693
Other services and charges	39,615	15,632	6,526	51,268	-	8,000	-	5,376	126,417
Capital outlay	3,213	59,236	-	-	513,252	-	-	11,022	586,723
Other disbursements	4,260	-	-	-	-	446,127	5,815	-	456,202
Total disbursements	79,812	75,820	6,526	96,244	513,252	454,127	5,815	33,624	1,265,220
Excess (deficiency) of receipts over disbursements	77,766	58,101	313	135,866	(2,864)	(404,154)	1,534	(9,689)	(143,127)
Cash and investments - ending	\$ 88,488	\$ 70,523	\$ 4,758	\$ 145,154	\$ -	\$ 399,953	\$ 1,534	\$ (2,202)	\$ 708,209

LIBERTY TOWNSHIP, WHITE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2016

	Township Fund	Park and Recreation	Township Assistance	Fire Fighting	Rainy Day Fund	Landfill Fund	Payroll Deductions	Mosquito Fund	Totals
Cash and investments - beginning	\$ 88,488	\$ 70,523	\$ 4,758	\$ 145,154	\$ -	\$ 399,954	\$ 1,534	\$ (2,202)	\$ 708,209
Receipts:									
Intergovernmental receipts	17,851	-	-	-	7,784	5,950	-	-	31,585
Charges for services	-	500	-	133	-	2,000	-	-	2,633
Fines and forfeits	96,257	117,316	4,457	-	-	317,156	-	39,949	575,135
Other receipts	131	-	-	15,032	-	802	7,619	-	23,584
Total receipts	114,239	117,816	4,457	15,165	7,784	325,908	7,619	39,949	632,937
Disbursements:									
Personal services	41,684	89	-	815	-	-	-	-	42,588
Supplies	13,814	1,418	-	18,226	-	-	-	15,399	48,857
Other services and charges	41,264	19,396	3,403	57,552	-	-	-	10,043	131,658
Capital outlay	-	167,426	-	7,874	-	-	-	-	175,300
Other disbursements	500	-	-	14,919	-	25	7,188	-	22,632
Total disbursements	97,262	188,329	3,403	99,386	-	25	7,188	25,442	421,035
Excess (deficiency) of receipts over disbursements	16,977	(70,513)	1,054	(84,221)	7,784	325,883	431	14,507	211,902
Cash and investments - ending	\$ 105,465	\$ 10	\$ 5,812	\$ 60,933	\$ 7,784	\$ 725,837	\$ 1,965	\$ 12,305	\$ 920,111

LIBERTY TOWNSHIP, WHITE COUNTY
 COMBINING SCHEDULE OF RECEIPTS, DISBURSEMENTS, AND
 CASH AND INVESTMENT BALANCES - REGULATORY BASIS
 For the Year Ended December 31, 2017

	Township Fund	Park and Recreation	Township Assistance	Fire Fighting	Rainy Day Fund	Landfill Fund	Payroll Deductions	Mosquito Fund	Totals
Cash and investments - beginning	\$ 105,465	\$ 10	\$ 5,812	\$ 60,933	\$ 7,784	\$ 725,837	\$ 1,965	\$ 12,305	\$ 920,111
Receipts:									
Taxes	13,600	-	-	-	-	-	-	-	13,600
Charges for services	-	-	-	-	-	2,000	-	-	2,000
Fines and forfeits	-	-	-	-	-	606,329	-	-	606,329
Other receipts	465	80,183	-	31,634	-	13,320	9,926	15,500	151,028
Total receipts	14,065	80,183	-	31,634	-	621,649	9,926	15,500	772,957
Disbursements:									
Personal services	25,189	-	-	1,239	-	-	-	-	26,428
Supplies	1,855	198	-	37,275	-	-	-	16,609	55,937
Other services and charges	34,762	23,828	4,843	45,743	-	1,000	-	10,940	121,116
Capital outlay	-	56,167	-	7,906	-	-	-	-	64,073
Other disbursements	48,400	-	-	-	-	80,182	11,817	-	140,399
Total disbursements	110,206	80,193	4,843	92,163	-	81,182	11,817	27,549	407,953
Excess (deficiency) of receipts over disbursements	(96,141)	(10)	(4,843)	(60,529)	-	540,467	(1,891)	(12,049)	365,004
Cash and investments - ending	\$ 9,324	\$ -	\$ 969	\$ 404	\$ 7,784	\$ 1,266,304	\$ 74	\$ 256	\$ 1,285,115

OTHER REPORTS

In addition to this report, other reports may have been issued for the Township. All reports can be found on the Indiana State Board of Accounts' website: <http://www.in.gov/sboa/>.